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TOWARDS EXCELLENCE IN DOWNTOWN MANAGEMENT



December 1983



Ministry of
Municipal Affairs
and Housing



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TOWARDS EXCELLENCE IN DOWNTOWN MANAGEMENT

prepared for:
Research and Special
Projects Branch

by:
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Associates

December 1983



Ministry of
Municipal Affairs
and Housing

The initial strategy of both provincial and municipal downtown programs has been primarily to upgrade the physical environment of downtowns to increase their attractiveness as shopping and community focal centres. In particular, beautification and other streetscape improvements have been the early focus of activities for many downtown areas.

With physical improvements and changes in the image of downtowns well underway, many people throughout the Province have turned to the job of improving the way in which downtowns are managed. Of particular interest has been the effective management of Business Improvement Areas, since these constitute the most significant form of organization for the private sector management of downtown areas in Ontario.

The history of experience in downtown management is not a long one in Ontario. Thus, at this critical time in the evolution of downtowns across the Province, the Ministry of Municipal Affairs and Housing asked us to prepare a study on the art of downtown management and how it could be improved.

OUR APPROACH: IN SEARCH OF EXCELLENCE

Much has been written on downtown management in general and there are guidebooks, newsletters, and other publications which provide guidance on the subject. Our objective has not been to prepare a "how to do it" manual. Instead, we have set out to determine the leading-edge management techniques, in other words, to answer the question:

- What management approaches are the keys to "excellence" in the management of a downtown area? What management techniques or approaches set apart the really successful downtowns?

Our investigation has had a similar objective to that of the authors of the current bestselling book on management, "In Search of Excellence*." In this book the authors studied companies defined as excellent by a variety of measures and interviewed a wide range of managers. They then distilled a few key principles and management techniques which appear to be the important driving forces behind success.

In our work we have examined many sources of knowledge and insight on the subject of downtown management. We have:

- Extensively reviewed the literature on the field, both in Canada and the U.S.
- Interviewed selected Ontario BIA managers and active members
- Talked with knowledgeable people in the downtown management field outside of Ontario, both in the U.S. and in other Provinces
- Consulted with our associate consultant on the project, Stan Witkin, who is one of Canada's leading authorities on the management of many downtowns' principal competition: the shopping centre
- Used our own knowledge and familiarity with the whole field of downtown improvement and management gathered over the past 15 years of experience by our firm.

* "In Search of Excellence: Lessons from America's Best Run Companies"; Thomas J. Peters and Robert H. Waterman Jr., Harper and Rowe, 1982.

Clearly, analysing information of this type - the only data available on downtown management techniques - is not a straightforward matter of deriving conclusions from hard data by explicit procedures. Downtown management is not yet a science. Nevertheless, we believe that our findings, which arise from our own synthesis of the many inputs we received in the course of this brief assignment, are solid and reliable.

OUTLINE OF OUR REPORT

Our report consists of four chapters plus appendices.

1. Perspective on Downtown Management in Ontario.
The first chapter provides a brief summary of our observations on the situation in Ontario including a summary of the key findings of our broader looks at downtown management. The conclusions focus on the current status of management of Ontario's downtowns.
2. The Keys to Successful Downtown Management
presents our conclusions on the few important techniques or methods which appear to separate excellence in downtown management from the average.
3. The Professionally Managed Downtown: Doing it Right in Every Way. This chapter deals specifically with downtowns that are of sufficient size and budget to provide full time professional management. Here we deal with the other keys to success in management of this type of downtown situation.

4. The Volunteer Managed Downtown: Coping with Limited Resources. For those downtowns unable to afford full time management we provide some of our thoughts on the keys to successful management in a volunteer environment.

The appendices to the report contain an annotated bibliography and list of the persons who have been contacted and contributed to the work.

* * * *

We would be very remiss in not acknowledging the tremendous contribution which has been made to our thinking by the many people who have spent time talking with us on the subject. It is clearly a topic of great interest to many people across, not only Ontario, but also North America. It has been an exciting assignment the results of which we hope will considerably add to knowledge in this important field.

Respectfully submitted,

Peter Barnard Associates

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- A. Persons Contacted
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1. A PERSPECTIVE ON DOWNTOWN MANAGEMENT IN ONTARIO

This study looks at the downtown business area, the primary business area in most Ontario municipalities. In particular, we focus on the Business Improvement Area (BIA), which we believe to be the only successful form of downtown organization in Ontario. Consequently, the foundation of a BIA is therefore seen to be an important first step towards effective management of a downtown area, and such organizations are the focus of our study. Nonetheless, though other business districts and other types of organizations are not discussed directly, much of the material we present will also apply to them.

As background to what follows, this chapter provides a perspective on the position of the downtown business core in Ontario towns and describes the experience to date of using BIA's in Ontario. This evidence shows that effective downtown management practices are increasingly desired across the province.

THE DOWNTOWN CORE IN ONTARIO

The downtown business district of an Ontario town is a distinct entity with its own particular resources and procedures. There are two distinct types of business areas in Ontario. The downtown business area is the historical centre of civic, cultural, recreational and business activity in the community. Other commercial areas that do not have this historical role in the community and provide services of a more highway-commercial type, frequently in strip developments, can also be called business districts. These other areas are not the subject of this study, and indeed provide the competition to the downtown core.

The nature of competition for downtown areas varies. In small centres there is little or no local competition, only nearby towns and their shopping centres. In medium-sized cities the core usually competes with peripheral shopping malls and other business districts. In large cities the core's competition is a number of specialized local shopping districts as well as local and regional shopping centres. However, regardless of the size of the municipality, downtown always has a competitor - and, from a business viewpoint, often a very strong adversary.

The approach used to manage downtowns differs among municipalities. Some core areas go virtually unmanaged. Municipal policies do not address them, and no organization assumes responsibility for managing them. In other downtown cores volunteer business associations initiated by members of the community lobby for their interests and sometimes undertake promotional activities. There are also BIA's, legally incorporated bodies with municipally levied budgets and legal powers to undertake promotions and improvements to public infrastructure. Many municipalities have policies which relate directly to their core areas, downtown committees which deal exclusively with core area issues, and/or community improvement plans which specify particular projects to be undertaken.

From the above discussion it is clear that every downtown is unique from many points of view. However their common purpose and the increasing use of the BIA form of organization is beginning to lead to some similar, and some different, experiences and approaches to management.

EXHIBIT 1.1

AVERAGE BIA BUDGET EMPHASIZES PROMOTION/ADVERTISING AND
PHYSICAL IMPROVEMENTS AND DECORATION

<u>MAIN EXPENDITURES</u>	<u>1982</u>	<u>1983</u>
Administration	\$ 8,570	\$ 9,810
Street Improvements (eg. sidewalks, lighting, landscaping, landscaping)	5,340	4,920
Street Beautification & Decoration (eg. flowers, banners, flags, Christmas decorations)	5,990	5,090
Maintenance	1,220	2,250
Promotion/Advertising	12,870	15,030
Special Events	2,540	3,640
Parking/Transit Programs	3,040	2,350
Planning (studies, concept plan, consultant fees)	1,070	1,350
Other	3,900	4,430
TOTAL BUDGET	\$47,120	\$51,410

Source: Survey of BIA's conducted by the Community Renewal Branch, Ministry of Municipal Affairs and Housing

NOTE: Information was averaged from 100 respondent surveys.

ONTARIO EXPERIENCE
TO DATE

A recent survey of BIA's in Ontario carried out by the Community Renewal Branch of the Ministry of Municipal Affairs and Housing reveals a great deal about the current status of BIA operation and management.

- Few BIA's in Ontario relative to potential. Of 838 municipalities in Ontario, 143 have BIA's. Several municipalities, such as the City of Toronto, have more than one, so that there are in fact 156 active BIA's at the moment (six additional BIA's are inactive). The vast majority of them are in the downtowns (approximately 92 percent) and the balance are in other business districts. Most BIA's were formed during the period since 1975.
- Budgets vary widely between municipalities. Annual BIA budgets range from a high of \$292,000 and \$295,000 in 1982 and 1983 respectively to a low of \$0 and averaged \$47,000 and \$51,000 in those two years (Exhibit 1.1). The average per business contribution was \$260 in 1982 and \$285 in 1983 with a high of \$688 per business in the Kingsway BIA in Etobicoke. The largest single allocation on average in the budgets was for promotion and advertising (27 and 29 percent in 1982 and 1983). Street improvements and decoration such as lighting, landscaping, flowers, and flags was next (24 and 19 percent in 1982 and 1983).
- Relatively few BIA's have managers. A manager or coordinator has been hired in 33 (21 percent) of the 156 BIA's. BIA's begin to hire part-time staff, a secretary or a manager, when the budget reaches \$8-10,000. All BIA's hire staff when they have more than \$60,000 budgets and where there are more than 200 BIA members. The number of staff members increases with the size of the membership.

- Membership reflects both retailers and non-retailers. All enterprises that pay business tax and are located within the BIA boundaries, are automatically members of the BIA. In approximately 70 percent of BIA's there is nearly an equal split between retailers and other businesses.
- BIA's have tended to emphasize physical improvement. To date, few BIA's have obtained professional marketing advice or have developed a marketing plan. In fact, only 23 percent have hired a marketing/retail consultant and only 16 percent have a marketing plan. Much more emphasis is put on physical improvements; 40 percent have hired architects, 38 percent engineers and 36 percent landscape architects.
- Support and assistance by municipality common. Most BIA's receive some direct municipal assistance. It comes most often in the form of maintenance assistance (62 percent of BIA's) followed by planning and labour (55 percent each) and financial and administrative help (53 percent and 46 percent). In addition, in 22 percent of BIA's, all the bills of the BIA are paid directly by the municipality.

GROWING INTEREST IN DOWNTOWN MANAGEMENT

Many people in Ontario municipalities are becoming receptive to the value of formal organizations to regenerate downtown areas as a central community resource. However many downtown areas remain unorganized, with no BIA or even volunteer group. Therefore further marketing is needed of the concept of active downtown management.

Active organization of downtown business areas is still a fairly new phenomenon in Ontario. Overall, however, interest is rapidly growing in downtown management generally and BIA's in particular. Very few BIA's in Ontario existed before 1975, and most are in their formative years. Their activities have placed strong emphasis on physical improvements to public areas in the downtown shopping district. Some BIA's have had a significant impact on the health and growth of the business area. With the BIA concept gaining momentum, an umbrella organization, the Ontario Business Improvement Area Association (OBIAA), has been formed to represent their interests and provide a vehicle for information exchange.

With growth in participation in OBIAA, and with an increasing number of professional downtown managers across the province, effective management is becoming a BIA goal. It is only as BIA's have began to grow and mature that they have recognized the need for advice and assistance in improving their management skills. This interest is most commonly exhibited by the generally larger BIA's handling sizable annual budgets and managing a large volunteer staff. They have recognized there is significant room for improvement in their ongoing operations and have turned to various sources, including the province, for support.

* * * *

It is to the small but growing group of individuals in the municipalities and at the province who are interested in striving for excellence in the management of Ontario's downtowns, that the following chapters are dedicated.

2. KEYS TO EXCELLENCE

The complex task of managing any organization involves many inter-related activities and the deployment of numerous skills, techniques and approaches. However, for each type of organization there are invariably a few key activities that spell the difference between an average performance and an excellent one. The bestseller referred to earlier* examined companies which by a number of measures had outstanding records of performance and identified eight important approaches to management in those companies which seemed to make them 'excellent'.

What then are the keys to excellence in the management of downtown areas? We have searched a number of sources for the answer. We found that there is little agreement among those interested in downtown management on truly successful examples worthy of study. However, our case studies and other sources showed that downtowns are doing some things very well. From this information and from discussions in Ontario, across Canada and in the U.S. with people informed on the issues of downtown management we have distilled a number of principles of success.

To begin with we have found that there are two prerequisites that establish the basis of effective downtown management. We then postulate that five specific management approaches or techniques represent the difference between average and excellent performance.

* "In Search of Excellence", Peters & Waterman.

A. PREREQUISITES OF EFFECTIVE MANAGEMENT

The two essential circumstances or conditions of effective downtown management are a competitive or moral incentive to manage well and the existence of a BIA-type.

1. The Will to Manage Well

The first prerequisite of successful downtown management is that there must be a reason or an incentive to manage well. No organization will achieve excellence unless it has a well-defined reason for doing so. Such a reason provides the need, the imperative, the motivation to be successful.

In the case of downtowns, the reason to manage well is usually a competitive threat. A shopping centre may be about to be developed on the outskirts of town, or an existing shopping centre may have begun to expand aggressively. Or a nearby town or shopping centre may be taking business away from a downtown area. Usually sales by retailers in the downtown area are affected most immediately. But other, non-retail businesses can also feel the effects.

After a downtown has become organized in response to a competitive threat, and has been successful in maintaining or increasing business, then the motivation to continue to manage well can result from the new awareness by the businessmen in the improved business conditions that are possible. In other words, success in response to a competitive threat can, in itself, be a motivator for the future.

In the absence of a competitive threat, a will to manage well can be created by a set of common beliefs, a desire for neighbourliness and mutual help or a general

belief that apathy is curable in the downtown and that a well-managed organization could lead to some common benefits for all businesses. Clearly, however, this motivation is not as compelling as the competitive one and is unlikely to stimulate as much action.

2. BIA-type of Organization

The term 'business improvement area' is normally used in Ontario although some municipalities have adopted other names. Other provinces and jurisdictions have other titles. The BIA-type of organization is a legal entity with fund-raising capability through the municipality for projects of joint benefit to the businesses in a downtown area. A BIA-type of organization provides a number of essential starting points for effective downtown management.

- It provides a reliable source of funding, because all businesses must pay its levy, and it has some real authority over the amount to be raised and how to spend it.
- It establishes a common interest among businesses. Since no business can stay out, many belong that might not have subscribed to a voluntary organization. Businesses complementary to one another (e.g., banks and merchants) are therefore automatically brought together and have opportunities to be mutually helpful. Equally important, even those who are actively competitive have a common interest.
- It establishes an immediate relationship with the municipality, through the BIA legislation's requirements that at least one Council representative be a member of the board of directors. This reinforces the municipality's interest in the downtown and in the effectiveness of the organization.

- It provides the capability of improving and maintaining the downtown area and streetscape because of the BIA's legal powers to improve public areas in conjunction with the municipality.

By contrast, where this type of organization does not exist, effective management does not seem possible. Purely voluntary organizations spend excessive amounts of time raising funds and trying to gain the support of businesses that are unwilling to cooperate or see no benefits in it. These organizations usually have little stature in the community, have no means of future planning because of funding uncertainties, and operate at arm's length from the municipality in areas where the municipality has significant interests. Above all they rarely have sufficient funds to mount programs of significance and impact.

B. FIVE KEYS TO SUCCESS

The two prerequisites, a will to manage well and a BIA-type organization provide the potential for excellent downtown management. Our research suggests that where this potential exists, the realization of excellent management requires five major principles or ingredients in a BIA:

- Full-time management
- A business-like management approach
- A medium-term, strategic focus
- A view of downtown as a community resource
- An emphasis on early, visible improvements.

These are the five main differences between excellent and average management of a downtown business area. Each is examined in more detail on the following pages.

FULL-TIME MANAGEMENT

The first and probably most important key to success, we believe, is the hiring of a manager to take over many of the duties normally carried by volunteers.* We reason as follows:

Difficulties with the Purely Volunteer Approach

While many, in fact the majority, of downtowns in Ontario are managed without the benefit of full-time management, the volunteer approach has many deficiencies. On the positive side, of course, a purely voluntary organization, properly administered, can be a greatly rewarding, cooperative effort for those involved. But it invariably depends on certain individuals who are prepared to provide the extensive time commitment required. This can often amount, in an active downtown, to 20 or 30 hours a week. Thus, the organization often has no choice in terms of who manages and coordinates the effort, since it must rely on those able to spend the time. The organization can wither unless a series of qualified people can be found when needed, because few persons are usually prepared to spend five or more years in the position.

Problems then arise with continuity in management approach. Because there is no independent third party management, it is often hard to resolve conflicts within volunteer organizations since everyone has a stake in them. Also, important things often go neglected. The emphasis of the organization tends to depend on the interests of the key persons willing to spend the time, and important skills are frequently lacking. Because of

* The qualities desired in this manager will be discussed in the next chapter.

the limitations on time, staff work is often poor and documentation of activities sparse. Generally, there is a lack of follow-through on programs simply because of time.

This is not to deny that many such organizations are in their way effective and are bringing benefits to their members. But for excellent downtown management more than volunteer effort is needed.

Full-time Management Brings Many Benefits

Having a full-time manager provides time commitment to get the job done well. Management of downtowns is a significant management job often involving dozens, if not hundreds of member businesses, coordination of a variety of programs, the solving of both long-term problems and immediate issues. It requires dedicated management with the time to get the full job done. A full-time manager who can manage volunteers properly is essential to maximize the return from volunteer effort. The full-time manager brings skills and perspectives the volunteer business members do not have and can be a useful third party in the resolution of internal disputes.

Funding Constraints Can Be Overcome

The main argument usually advanced against full-time management is that most BIA's do not have sufficient budgets to hire a manager. We would argue that these organizations have not properly examined the benefits of full-time management nor looked at the rationale for the levels of funding on a per business basis necessary to justify it.

- The average business in a BIA in Ontario contributes close to \$300 per year*. In some BIA's the average contribution is in the order of

* Ministry of Municipal Affairs and Housing,
Survey of Ontario BIA's (Toronto, 1983).

\$500, with at least one close to \$700 per year. Clearly, members in these organizations are perceiving benefit in this level of funding on a per business basis. In general, the average business in one municipality is not significantly different from the average in another. All are owned by similar types of people, sell essentially similar types of merchandise, and generate roughly similar levels of overall annual business.

- Shopping centre merchants' contributions are much higher. Let's look at how the competition operates. Shopping centres also have compulsory merchants' associations. Shopping centre leases typically require that the individual merchants contribute between 50¢ and \$1 per square foot annually to support marketing activities by the shopping centre merchants association. These levies are significantly higher on a per-square-foot basis than current downtown organizations have at their disposal. While it is true that shopping centres contain a higher proportion of chains, which arguably are able to afford higher levies, nevertheless, a large proportion of shopping centre merchants are private entrepreneurs with similar motivations, resources and attitudes to those in a downtown area. It could also be argued that the job of a shopping centre association is far simpler than that of the downtown organization. It does not have to contend with the range of activities and problems encountered by the latter and can focus its attention much more narrowly on marketing and promotion. From this standpoint the average contributions by downtown merchants should exceed those of their shopping centre counterparts. Furthermore, most downtown areas contain far more businesses than a shopping centre, in most instances even far more retail businesses. Thus, business associations should be able to generate higher total budgets even at lower per business assessments.

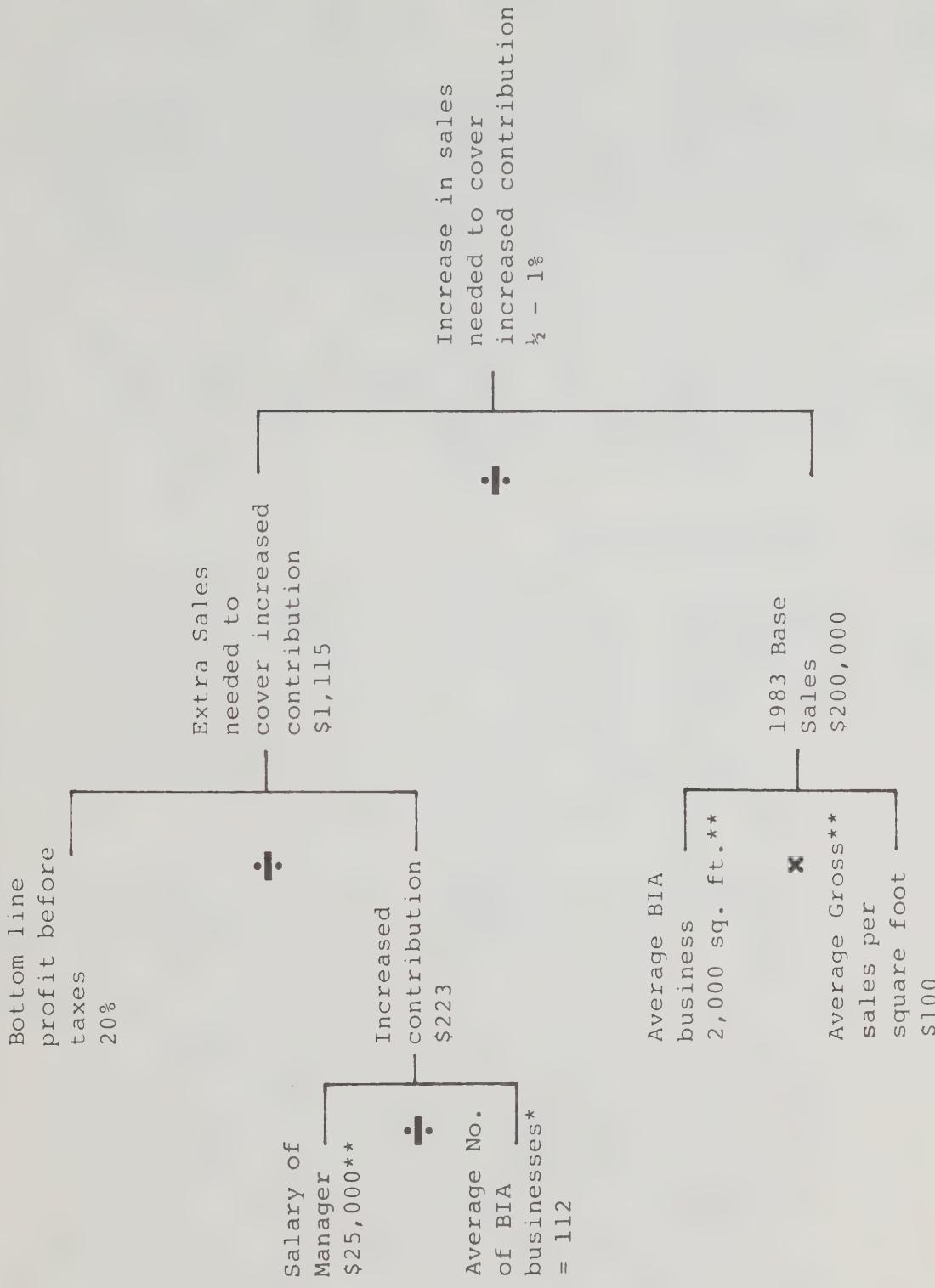
- Budgets can be justified by results. In looking at the reasons for an increased levy on businesses, few downtowns appear to have made the argument in terms of various measures of success. For example, suppose the budget increase necessary to hire full-time management could by virtue of the improved effectiveness of the organization achieve a ten percent revenue increase for the retail businesses in the downtown area. What would be the increased bottom-line profit for the average retailer? Such analyses would clearly show that even modest increases in annual sales volumes could justify significant increases in contributions to the downtown organization.

Exhibit 2.1 shows a hypothetical analysis of the impact of hiring a BIA manager on the typical BIA business. Survey results indicate that the average BIA in Ontario currently without any staff has 112 member businesses and a 1983 budget of approximately \$21,000. This works out to an average contribution of \$188 per business. Adding a manager to our 'average' BIA would raise the 1983 budget to \$46,000 and the average contribution to \$411 per business (an increase of \$223). As illustrated in Exhibit 2.1, for the typical BIA business, a \$223 contribution increase could be justified by only a half to one percent increase in gross sales.

Therefore, the presence of a full time manager is the first step towards excellence in downtown management. It provides significant benefits to downtown businesses, their organization and the municipality. What is more, full time management is affordable by most downtowns.

EXHIBIT 2.1

COST OF MANAGER JUSTIFIED BY VERY SMALL SALES INCREASE



Source: *Ministry of Municipal Affairs and Housing, "Survey of Ontario BIA's"
Toronto, 1983

**Assumptions developed by Peter Barnard Associates

ADAPT CORPORATE MODEL OF MANAGEMENT

What kind of an organization is a BIA? What model of organization should it follow? Is the appropriate model that of the voluntary association such as chambers of commerce or sporting and industry organizations? Alternatively should a BIA resemble a not-for-profit corporation? Or is it more akin to a business corporation, whether public or private?

Our discussions with many people involved in downtown management and our review of several organizations indicates that there is much controversy and uncertainty about these questions.

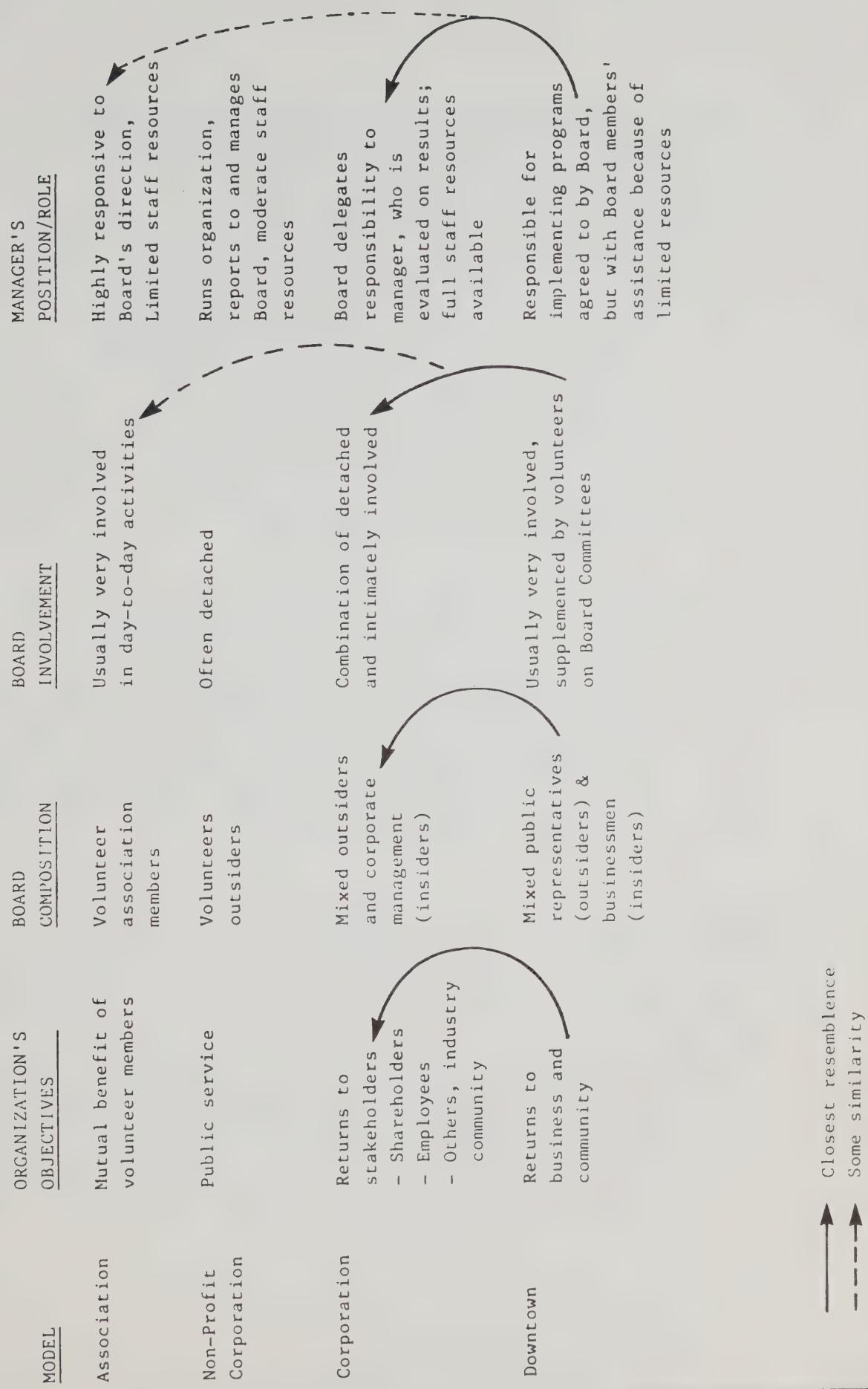
Several Management Models

The issues are perhaps best resolved by determining the characteristics of each type of organization and then comparing them with the needs of a BIA. In particular, this review needs to focus upon the organization's objectives, the composition and role of its board, and above all, the role and position of its chief manager with respect to the board. Exhibit 2.2 summarizes the characteristics of each organizational type.

- The association model. The objectives of an association are normally the mutual benefits of a group of volunteer members. These objectives are often difficult to quantify because they rarely have a definitive measure in terms of business activity or other quantitative indicators. The board is composed entirely of volunteer members of the association and no outsiders. The board is usually involved in the day-to-day activities of the association and there is a regular progression through the volunteer side of the organization to various positions up to association president or chairman. In this type of organization there is invariably a manager but with limited staff resources. The main function

EXHIBIT 2.2

DOWNTOWN ORGANIZATION MOST CLOSELY RESEMBLES A CORPORATION



of the manager is to be highly responsive to board desires, with a strong public relations and member communications emphasis.

- Non-profit corporation. Most non-profit corporations are set up to provide a public service. Board members are invariably outsiders not involved in the day-to-day running of the organization and often unaffected by the organization's activities. As a result, such boards are often detached from daily operations and are principally regarded as fund-raisers or providers of external advice. In this case, the manager, who could have substantial or moderate staff resources, runs the organization explicitly and reports to and often manages the involvement of the board on a regular basis.
- Corporation. The primary objective of a private or public corporation is to maximize the financial returns to its stakeholders. Traditionally, only the owners of the corporation, usually its stockholders have been thought of as having a stake in it. Modern management theory, however, tends to recognize the claims of additional stakeholders, including employees, suppliers, and the communities in which the corporation operates.

Corporate Model Best Fits Downtown

In our view, the corporate model rather than either of the others most fully meets the needs of a downtown organization.

- A downtown organization should have the specific objective of providing measurable returns to its members and to the community at large.

- Its board will be mixed, containing public representatives, outsiders in the form of one or more elected officials from the community, and insiders, in the form of the businessmen who have a stake in the achievements of the organization.
- Its manager's role will be to implement programs agreed to by the board, programs which will be well-defined and reviewed by the board at appropriate intervals.

While the corporate model is the most appropriate for a downtown organization there will be some differences, mainly springing from the downtown organization's reliance on the volunteer support it receives from its board members and others in its community. In these respects it will somewhat resemble a voluntary association.

On balance, however, the downtown organization should largely model itself on a private or public corporation. The manager should be seen as the driving force behind the organization supported by, but ultimately evaluated by, the board of directors. He or she should have defined objectives in terms of returns to the stakeholders, but must work out with the board in what areas the manager will take prime responsibility for executing programs and in what areas various volunteer members of the downtown organization will supplement or replace staff resources.

The need to make effective use of volunteers can be met to the extent that volunteer effort can be regarded and treated in exactly the same fashion as staff resources. Volunteers must earn their positions by demonstrating the ability to carry out certain functions of the organization. They must be expected to work according to pre-defined commitments in order to ensure those functions are properly executed. The organization must also take steps to reward, however possible, those volunteers who make significant contributions to the organization and equally must be prepared to replace those

volunteers who do not perform. It is only with this attitude - which takes growth and attitude change within the organization - that a truly effective volunteer contribution can be mounted. How this contribution can be achieved is discussed later.

In conclusion then, the downtown organization should regard itself as a corporation whose objective is to achieve benefits for its members and the community at large. The corporate model needs to be adapted only so far as is necessary to manage volunteer input to those functions which limited staff resources cannot handle.

STRATEGIC THINKING WITH A MEDIUM-TERM OUTLOOK

As well as adopting a corporate model of organization, the downtown should also adopt the corporate notion of strategic planning. This concept rests on the idea that, properly managed, an organization can affect its own destiny by properly understanding its environment. Its objectives can be achieved by purposeful activities designed within a competitive context.

As it can be applied to downtown management, there are three key aspects to the corporate strategic planning model:

- Clear objectives. The organization establishes its objectives, and agrees in advance upon measures of success so that performance can be monitored and corrective action taken where necessary.
- Competitively directed programs. The organization assesses its strengths and weaknesses vis-a-vis the competition, and develops a plan including broad strategies and specific programs for dealing with its competition. (From this plan come budgets, staffing, timing etc.)

- Continual updating. The final relevant notion of corporate strategic planning is that the result is not a rigid plan; built into it must be an ability to recognize where programs are not working, where objectives are overly or underly optimistic and where changes need to be made.

What does this mean for a downtown?

Objectives Need to be Articulated

Although they do not have to be elaborately stated, a downtown organization should have explicit objectives. These objectives should provide some means of developing general measures that represent an easy and non-controversial means of determining progress. Because the downtown organization operates on a corporate model, some of the objectives should reflect expected returns to the stakeholders. For downtown business management, these returns should be in terms of business volumes, as well as other objectives such as community support and attitudes. While direct measures of business volumes are not always possible because of confidentiality concerns on the part of individual downtown businesses, other measures can be used as surrogates. Exhibit 2.3 shows a number of such indicators.

Objectives should cover both retail and other businesses. The strategy for the downtown should be primarily retail-driven. In other words it should be translated directly into benefits to the large retail segment since these are the objectives most easily measured and since direct benefits to the merchants result in indirect benefits to other businesses. On the other hand, there should also be a clear view of what benefits are to be achieved for non-retail businesses. In this way, both principal segments of the downtown business community can have articulated objectives, and programs can be designed with both in mind.

EXHIBIT 2.3

MEASURES OF SUCCESS FOR DOWNTOWN ORGANIZATION

- Increased business revenue, or profitability
 - Or maintenance of past levels in face of new competition
 - Increase in share of market
 - More customers for non-retail business
- Greater demand for business space
 - Decreased vacancy levels
 - Quicker occupation of vacated space
 - New development
- New business persons involved in downtown
 - New business coming in
 - Sales of existing businesses to newcomers
- Increased returns from downtown property
 - Rent levels
 - Realty and business assessment
- Greater private renovation
- More people downtown
 - Traffic, pedestrian counts
- Improved community attitudes to downtown
 - Measures of political support
 - Media coverage
 - Attitude surveys
- Better support for downtown organization
 - Attendance at meetings
 - Attitude of other community organizations

Programs Should Be Competitively Directed

The competition must be clearly detailed. In many communities the competition is a shopping centre, in others it is a neighbouring community. Whichever it may be it needs to be identified and its particular attractions and drawbacks evaluated.

In planning its strategy, the downtown organization must look at all elements of what it has to offer compared to the competition. It should seriously look at how it can overcome its weaknesses in comparison to the competition. For example, the downtown should try to influence its retail mix if there appear to be deficiencies. When a particular type of store or business is desirable to improve the mix, active liaison with the real estate community in the municipality can lead to a focus on potential clients. Also, special programs should reach out to absentee owners of property in the downtown to persuade them of the benefits of upgrading their property and otherwise participating in the future of the area in which they have a stake.

A downtown strategy must also be based on a concept of the downtown that has both a physical and a promotional dimension. This concept should differentiate the downtown as much as possible from its competition and be consistently followed in both physical improvements and marketing efforts.

Continual Updating Needed

The strategic planning of a downtown organization must have a medium-term outlook. First, much of the success of a downtown organization depends on attitude change both within its own business community and within the community at large. These changes are always slow. Equally important, the downtown organization must go through many phases before reaching maturity. Initially, emphasis is on physical improvement to the public areas and private property; then it is on ensuring that programs

are effectively implemented; finally it moves to market and promotion activities. All this takes time. When conceiving a strategy for a downtown organization these phases must be foreseen and planning proceed accordingly.

Developing This Strategy is a Significant Undertaking.

Following the corporate model, the establishment of the strategic plan should be led by the downtown manager. He or she should take the initiative but rely on inputs from the board members and others in the association from municipal staff or consultants as appropriate. Further, to be effective the strategy needs to be widely understood and supported throughout the BIA. This means that it should be thoroughly debated within the association at least at the board level. It should, as far as possible, be written down and broadly agreed to by the membership at large.

Apart from the obvious benefits of having every business understand where the organization is trying to go, this approach also helps to assure that programs mounted by the downtown organization will be followed through to the grass-roots level in each member business. Since the service persons and employees of the businesses need to cooperate in the implementation of programs, they must understand fully how those programs fit into the overall strategy.

Developing an explicit strategy in the way described requires time, commitment and effort. However they are well spent. Without strategic thinking the organization can drift from one set of programs to another without coordination or hope for success. Strategic thinking sharpens the programming for such an organization, focuses its activities on those which are most likely to achieve its objectives and generally encourages the organization to run both efficiently and effectively.

EXHIBIT 2.4

DOWNTOWN IS DIFFERENT FROM A SHOPPING CENTRE

	<u>DOWNTOWN</u>	<u>SHOPPING CENTRE</u>
Business mix	Retailers, professionals, civic & service organizations	Retailers
Ownership	Multiple, including public	Single
Maintenance	Municipality	Owner
Parking	Scattered, not free	Concentrated, free
Collective Marketing	BIA	Merchants association and mall ownership
Physical improvements	Difficult, multiple owners	Easy, single ownership
Relation to municipality	Close, Board involvement	Arm's Length
Psychological regard by citizens	Heart of town	Peripheral
Role of community	Multiple - Retail - Professional - Service - Cultural - Entertainment	Single - Retail*



* It should be noted that some shopping centres are trying to become more "downtown-like" by adding offices and cultural/recreational services to their business mix.

VIEW DOWNTOWN AS A COMMUNITY RESOURCE

Downtown is not just another shopping centre or business district. There are many important differences (Exhibit 2.4), some of which represent major competitive advantages for the downtown and others weaknesses. The downtown is still regarded in all communities as the heart of the municipality. All residents have an interest: "Downtown is ours, the shopping centre is theirs." In addition, the municipality has a vital interest in the long-term health of the downtown not only because of its role in the community, but also because of the tax base it represents.

In order to capitalize on this major competitive strength, a downtown striving for excellence in management should regard itself as having been delegated the responsibility by the municipality for the management of the heart of the community. Thus, downtown should not be presented as another retail district or even as a business district. In all its thinking and programs the downtown organization should have a conception of the downtown as a community resource which it is managing.

This conception of the downtown should permeate all planning and activities. Because a downtown is a community resource, participation by local clubs and groups in downtown programs becomes an important objective. In other words, the business interests of the downtown should be downplayed and its role in the community emphasized, in part through the support by other groups. One result is the emphasizing in the marketing program of events rather than sales, creating a lasting impression that "downtown is where the action is." The downtown association must work hard to create this distinctive yet compatible image of the downtown which also becomes its emphasis in community strategy.

In this view of the downtown, the organization's principal responsibilities lie in cultivating, and changing where necessary, the attitudes of the community

towards the downtown, including the attitudes of the downtown businesses themselves. The organization seeks to attract all members of the community to participate more heavily in what downtown has to offer, with particular emphasis on those persons most likely to shop and use the other services downtown offers. It then becomes the responsibility of the individual merchant or business to take advantage of that increased activity.

A necessary implication of this view of downtown is that the downtown organization should fit comfortably within the hierarchy of organizations in the community. A downtown organization will not succeed in convincing the community that it is managing a community resource if it does not have the full support of other organizations with like interests. Thus, the role of the downtown organization with respect to groups like the Chamber of Commerce, local service organizations, and indeed the municipality itself must be clearly defined and the respective boards of directors must constantly work at maintaining a harmonious and supportive relationship. It is difficult to conceive of an excellently managed downtown not having such a relationship with key community organizations. Support is needed to carry out the downtown management role, both political support at the municipal level and participation by other organizations in downtown-related activities.

CHANGE IMAGE THEN
EMPHASIZE MARKETING

Typically, when a downtown board of management comes into existence, the downtown area is in some distress. Attitudes are poor and the decision is made to do something about it. Initially budgets are limited but both promotion and physical upgrading are needed. Which should come first?

In our view, a downtown striving for excellence will maximize its returns by an early focus on physical improvements. Thus, in the early years the organization's

principal focus is on streetscaping, parking, rehabilitation of buildings and the upgrading of display and business merchandising. The important objective is to communicate to the public that "something is different."

Start With Changes to Physical Appearance

In a marketing sense, early emphasis on the physical improvements serves to launch "a new concept of downtown" and sets the stage for later programming. The message is that "the product is now different" and therefore, worth the consumers sampling it further.

Physical changes may take some time to implement, depending largely on the extent of improvements needed and budgets available. At this stage, however, the organization should do whatever possible to make physical improvements quickly so as to maximize the visual change in downtown and promote the notion that something better is coming. In addition, a rapidly completed job will ensure minimum disruption to business activity.

Shift Focus to Promotion After Physical Improvement

Now that there is something to promote, the emphasis will switch to promotion and communications. Promotional activities without physical change are much more difficult because the consumer does not see anything different. A promotion and communications emphasis in the next phase should be geared to getting people to "sample" downtown. Thus, emphasis is on events to attract people to the downtown area, on businesses gearing up to increase sales to the greater numbers of people present in the downtown and the continuation of activities geared towards supporting the image change.

At this time, communications activities also should take place to gain the support for the new role of downtown and the responsibilities of the downtown organization. Programs should be directed at such diverse publics as shoppers, the media, politicians, municipal staff, and the employees of the businesses involved.

Association Must Evolve as Priorities Change

The activities of a downtown organization will thus gradually change substantially. In the early years, an emphasis on physical improvements and image change requires a certain set of budgets and programs. In later years, the switch to other marketing and communications programs places different demands of the organization and probably different budget levels. Exhibit 2.5 illustrates the differing activity patterns over time for a typical organization.

The "job to be done" in each of these phases is quite different. Thus, the organization from the beginning must gain commitment to its priorities and their expected change over time and must plan accordingly. Capital improvements, which are often costly, should be front ended. There may even be the need for a transition in management since different activities and skills are often required in the physical improvement stage than in the marketing and promotion stage of a downtown area.

Meanwhile, the organization must be kept running smoothly so that management and the board may focus on the major activities required at every point. Thus, early in the life of the organization, procedures for appointment or election of board members, running board meetings, budgeting, accounting, accounts payable, etc. should be worked out and agreed to. Normally, these procedures should be written down in the form of a constitution of the organization together with simple means for amendment.

* * * *

These then are the five keys to excellence in downtown management: a full time manager; a management approach modelled on that of a corporation; a medium term, strategic focus; the adoption of the concept of downtown as a community resource; and an emphasis on early, visible improvements. But there is more to effective management than these five principles. The next chapter deals with other important management techniques.

EXHIBIT 2.5

DOWNTOWN PRIORITIES SHOULD CHANGE OVER TIME

LEVEL OF
DOWNTOWN
ORGANIZATION
ACTIVITIES

PHYSICAL IMPROVEMENTS
TO PUBLIC AREAS

MARKETING & COMMUNICATIONS

PHYSICAL IMPROVEMENTS
TO PRIVATE PROPERTY

TIME →

3. DOING IT RIGHT IN EVERY WAY: THE PROFESSIONALLY MANAGED DOWNTOWN

While the five keys to success discussed in the previous chapter are critical for the downtown striving to be excellently managed, there are many facets of management which need to be done well. This chapter picks up that thread from the previous discussion and examines those other things which are important for the downtown with a professional manager. Views on volunteer downtown management will be dealt with in the next chapter.

When dividing downtown management into its constituent parts, it is helpful to think of the basic four elements in the management of any organization.

1. Organization and staffing. How the entity organizes itself in relation to the functioning and composition of the board, the role and skills of the professional manager, and the management of volunteers.
2. Programs. Those activities which the organization mounts to achieve its goals. These can include both external programs such as physical improvements, marketing and promotion as well as internal communications programs with its membership and others interested in the downtown area.
3. Budgeting and finance. How an organization carries out its budget activity and how day-to-day financial matters are handled.
4. Property management and policy development. How the downtown organization coordinates basic maintenance activities and how it achieves some uniformity in key policies which affect the overall operations of the downtown area.

Each of these four areas deserves special attention. The following is not meant to be an all-inclusive list of how each of these functions should be managed. Rather we emphasize those important components which contribute to well-above-average if not excellent management practices for a downtown area.

ORGANIZATION AND STAFFING

A critical starting point in effective downtown management is how a downtown area initially sets up its organization. Since much is dependent on initial decisions by municipal, staff and board members, this subject merits careful treatment. The proper management of volunteer resources is also a crucial issue in successful management.

1. Ensure that all benefiting businesses are included within BIA boundaries. For the effective functioning of a downtown organization, it is imperative that all businesses that will be affected by the programs of that association be contributing to it. Many downtowns, having to compromise in order to ensure sufficient percentage support for the initiation of a BIA, have excluded some areas of downtown from the BIA designation. When these areas have significant business concentrations, they inevitably benefit (or are at risk) from the BIA's activities. It is very difficult for a downtown organization to be effective when all businesses affected are not contributing.
2. Select the right kind of person for manager. Perhaps the key decision for a downtown board is the appointment of its manager. There are a number of important attributes which this manager should have. Before discussing these it is important to point out that the manager is often a reflection of the needs of the prime groups

sponsoring the downtown. Therefore, any hard and fast description of the characteristics of a downtown manager must be considered carefully. With this in mind, however, it is clear that the downtown manager must be a committed and enthusiastic person on whom much of the continuity and direction of the organization will depend. Successful downtown managers have been drawn from both sexes and from a variety of previous occupations, but several qualities seem to stand out.

- Strong inter-personal and communications skills
- A leader with persuasive powers, highly self-motivated and with a real sense of mission
- Skilled organizer and planner but with a particular flair for marketing and promotion since these inevitably turn out to be the key functions involved in a downtown organization
- Familiarity with the local situation in general, but not a local business person and so not perceived to have any business bias within the organization and therefore able to provide an objective perspective to all the members when solving common problems.
- Interested in what other organizations are doing and how they are managed; keeps abreast of downtown initiatives whether in Canada or elsewhere; is constantly looking for new perspectives on old problems.
- Some management experience particularly in dealing with and, to a degree, managing a diverse board.

- Along with management and organizational skills, a real ability to delegate and to ensure effective follow-through by those to whom activities are delegated.

In short the downtown manager must have a long-range view, strong inter-personal and organizational skills and a real desire to improve the downtown not only for the businesses' benefit but for the greater enjoyment of the community as a whole.

3. Keep board on the small side. A real secret seems to be avoiding excessively large boards. On the other hand, a balance of representation of the various interests involved must be achieved. Generally speaking, a six- to eight-person board should be sufficient to achieve the right kind of mix of representation of the various stakeholder interests involved in the downtown area and allow the appointment of people who can provide valuable expertise to the functioning of the organization. Small boards emphasize the importance of the role of each member, promote more regular attendance and commitment, and provide for a bigger pool of potential future board members. In many respects, smaller boards support the notion that board membership is an important position worthy of fulfilment.

On the other hand, large boards promote the notion of the unimportance of individual members, tend to have a much higher rate of absenteeism and difficulty achieving quorums, and quickly use up the available 'stock' of potential board members within the business community.

4. Select board members carefully. Board members are there to represent the interests of the various stakeholders in the organization and to provide specific expertise not present in the

manager or available from municipal staff. Board composition should provide for:

- Broad representation of downtown businesses, both retailers and non-retailers.
 - Municipal representatives, usually the mayor or an alderman as required by legislation. More than one such person is usually desirable because of the significant interaction with the BIA and the municipality, particularly in the early years. Political representatives to the BIA board should be chosen from among the top candidates available. A good objective for a downtown organization is to make a position on the board attractive to the most influential persons in the municipality.
 - Because interests outside of downtown business and the municipality are involved, boards should seriously consider the appointment of outside board members. Business ownership or even residence in the town are not now formal requirements in the legislation. With the notion of the downtown as a community resource the board could contain members chosen for specific skills or for perspectives on the downtown not provided by the elected representatives or downtown business persons.*
5. Emphasize committee processes. Most of the activity of the board should be performed through its committees. In this way, the number of board meetings and the time involved can be lessened and more involvement by other persons encouraged

* Under present legislation, any potential board member who is not assessed for taxes in the BIA, must be a nominee of one who is assessed.

through an active committee process. Ideally, each board member should chair a subcommittee of the board and be responsible, with the assistance of the manager, for recruiting committee members. Committees can include:

- Special functions of the organization such as finance, promotion, municipal liaison, etc.
- Subgroups within the organizations' membership including retailers, professionals, service businesses, etc.
- Special ad hoc committees struck to deal with certain problems such as parking, store hours, signage, etc. It is important that these committees have defined terms of reference and specific times at which they are to be disbanded when the problem is expected to be solved.

6. Work at board rotation and continuity. The board should contain a combination of long and short-term board members. This way continuity can be provided, particularly in strategy and planning, but new members can bring in fresh ideas and perspectives. Under current BIA legislation, this is not always possible since the term of the board must coincide with the term of municipal council. However, in the appointment of new members with each new council, particular care should be given to achieving some new blood as well as allowing some continuity with past boards beyond that provided by the professional manager.

VOLUNTEER MANAGEMENT

Special consideration must be given to the management of volunteers, the primary human resources of every BIA. There are various inherent weaknesses in a

volunteer 'work force' which downtown associations should be aware of to respond appropriately. A variety of techniques can be employed to organize, motivate and control the volunteers.

1. Recognition of weaknesses essential. There are three key weaknesses of volunteer organizations which the BIA should recognize and accept:

- Level of work generated by each individual lower than paid staff. Volunteers will range in the skills and abilities they are able to bring to position and will be constrained in the time and energy they can devote to it. As a result, each individual is unlikely to be as productive as someone paid to undertake the same task.
- Method of working slow and sporadic. The competing demands on the volunteer's time will limit the attention he or she can devote to any one task. For this reason, work tends to be undertaken in a discontinuous fashion which can be less effective and slower than a concentrated approach. In addition, the sense of urgency that an individual feels in a paid position is generally absent from a voluntary position.
- Irregularities in attendance are inevitable. In any voluntary organization there will be peaks and troughs in attendance of members at meetings. It "takes courage and stamina to be a good, consistently regular volunteer worker".* Even the most regular and dependable volunteers will vary in their attendance due to the unavoidable competition from other commitments and interests.

* Lehmann, Cora and Dolores Glenn; The Intriguing World of Modern Management; Vantage Press; New York; 1977. p. 310.

2. Overcoming weaknesses possible. These problems are inevitable given the nature of volunteer help. However, given the dependence on volunteers in a downtown program, working to mitigate the problems is a worthwhile investment. Managing volunteers effectively entails attracting them to the organization, keeping them involved and getting them to accomplish tasks set for them.

- Active program to seek volunteers required. Eyes and ears should be open in seeking volunteers. Anyone who expresses an interest should be contacted quickly and considered for a position. Individuals should be asked to join and, if necessary, urged but not pressured into joining. All active members, the chairman especially, should be actively encouraging participation through personal contact on a regular basis.
- Volunteers must be oriented in 'volunteering'. Most people will be apprehensive about volunteering, unaware of what will be expected of them and what they can contribute. They need to be told as specifically as possible what their duties will be as well as how they should approach them. This introduction will be crucial in keeping volunteers involved.
- Social rewards an incentive to maintain involvement. The social aspects of working with a group of fellow community members should not be overlooked. Volunteers should be given a chance to get acquainted with one another and to make new friends.* This will make membership more comfortable and provide an incentive for joining.

* Ibid; p. 314.

- Steps to reduce turnover should be taken.
Although turnover can be expected amongst volunteers, steps can be taken to reduce its frequency. Some consideration should be given to the skills and disposition of an individual before a job is assigned to ensure the job will be suitable. Work should be undertaken in stages to enable the worker to review progress and take pleasure in what has been accomplished. Positions should be given a specified time frame to enable volunteers to see an end to their involvement and give them a sense of control over their position. Meetings should be held at convenient times and should be controlled in length.

ACTIVITIES AND PROGRAMS

These are the things which a downtown organization does in order to achieve its stated goals. We discussed earlier the importance of developing a specific strategy with an outline of the objectives of the organization and the kind of measures that would be used to determine how well it was doing. Within the strategic plan of the organization, however, certain activities and programs are more important than others.

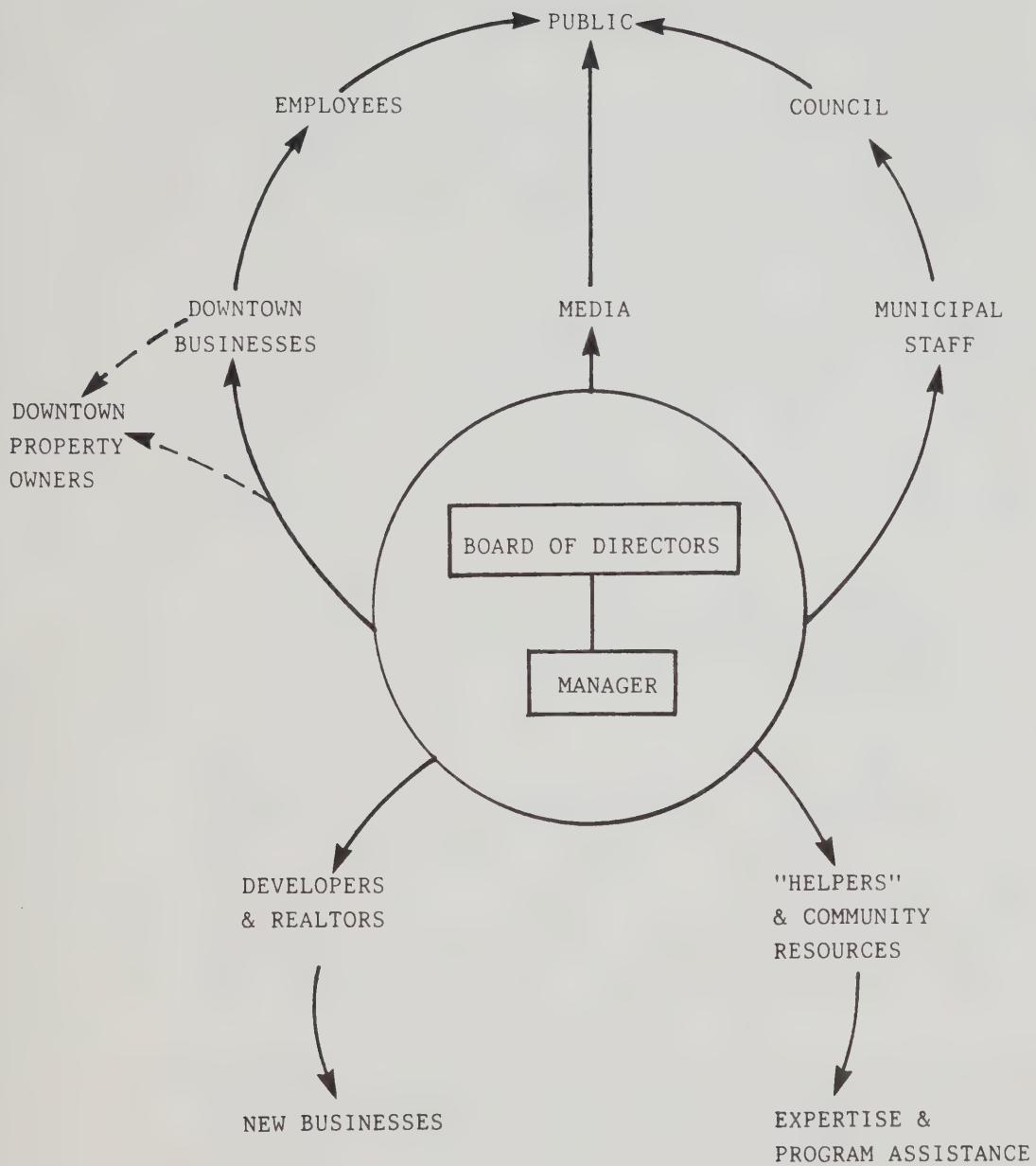
1. Regard marketing and promotion as the prime external function. The early stages do involve skills in physical improvement and organization. But in the long run downtown organizations rise or fall on the quality of their marketing and promotion programs. These programs should be geared to promoting continuous activity in the downtown - "downtown is where the action is." They should be geared to support the image change created by the physical improvements and to simply get more people to come to the downtown area at times when businesses could benefit from that activity. While the community residents as

a whole are targets, the prime targets are shoppers and the downtown's own business community. The marketing and promotion function, while actively directed by the downtown manager, must have strong involvement from the board of directors. Often the directorship of specific programs is undertaken by individual board members.

2. Emphasize communications as the prime internal function. A major responsibility of the manager is to communicate with the many and diverse publics who can affect the success of a downtown organization. Communications can be carried out using a number of techniques.
 - Newsletter. Most successful downtowns have some form of newsletter to acquaint both their own membership and the other interest groups with what is happening in the downtown areas. This newsletter is consistent with the notion of the downtown as a community resource. Thus, as much attention should be given to community and other activities as to the business side of things.
 - Management by Wandering Around. Executives at the computer firm of Hewlett-Packard use this expression to describe their informal, close-contact management approach. It is critical for the downtown manager to communicate with key individuals involved in the area. These include regular visits to every downtown business member and to municipal staff and politicians who have some influence on what happens in the downtown area, meetings with the local media and real estate community and other informal contacts with the public giving the manager a better sense of public sentiment and activities connected with the downtown area.

EXHIBIT 3.1

DOWNTOWN MUST COMMUNICATE EFFECTIVELY WITH MANY AUDIENCES



- Agendas are an important way of organizing committee members and the board to make the most effective use of time in meetings. They also serve to inform members of the topics so that they can be prepared in advance.
- Reports. From time to time the manager should prepare short reports on matters of particular concern to the organization so that they can be properly communicated to board members for their resolution. These reports which do not have to be frequent, should contain a diagnosis of the problem and suggest alternative actions. The downtown association members represent an excellent opportunity for communicating with the membership. On the other hand, unless these meetings are organized in such a way as to make the experience both informative and enjoyable, attendance can be low.
- General meetings are a useful means of gaining input from the membership on important issues or to approve significant initiatives or Board recommendations.

Exhibit 3.1 illustrates the numerous communications channels which the manager and the board must maintain and emphasizes the importance of ensuring that there is agreement on who manages which aspects of the communications program. Overlap or duplication in these activities is not only costly but also potentially harmful to the organization.

3. Ensure coordination of individual businesses with overall promotion programs. Perhaps one of the most difficult aspects of the downtown management job is to make sure that individual businesses in fact capitalize on the increased activity in the downtown area which the downtown association develops. Two important components deserve special attention.

- Business owners. These individuals are the ones who make the decisions on merchandising approaches to be used in their stores or businesses. However, the manager or other board members should be free with ideas and suggestions as to how individual businessmen could capitalize more extensively on the increased activity in the downtown area. Often, special courses on merchandising for small businesses can improve effectiveness in this regard.
 - Employees. The "front line" downtown often rests with the service personnel, principally those in the retail stores. To the extent that they can also be aware of and share not only the overall goals for the downtown association but also the particulars of individual promotion programs, the successful follow-through on these programs will be heightened. Special programs for employees and sales personnel involvement can return significant benefits.
4. Make sure there is something for all types of businesses. Some downtown areas become excessively concerned with the development of retail business. Merchants see results more quickly and decisively and are therefore usually strong supporters of the downtown organization. However, other businesses contribute significantly to the organization's budget and should clearly see the benefits derived from those contributions through programs designed with them in mind. Such programs are usually concerned with improved parking, amenities in the downtown, the attraction of specific types of retail or restaurants which would benefit the non-merchant community, and other general improvements to the downtown environment.

5. Get community organizations actively involved.
As was mentioned in Chapter 2, one of the keys to success in a downtown area is to gain the support of other community organizations. This, however, should be extended to actively encouraging many community organizations to use the downtown area and to help with its maintenance, activity and upgrading. For example, successful downtowns have persuaded the local horticultural society to look after the downtown planting and maintenance program and have even encouraged and supported competitions between different sections of the downtown to see who could produce the best floral display. The clubs and other organizations should be encouraged to hold events downtown, and special provisions should be made for them, such as having the downtown organization provide some of the prizes. These are but a few examples of the role which community organizations can play in furthering a concept of downtown as a community resource. This is a unique opportunity for the downtown since its competitors in the shopping centres or neighbouring communities rarely have this opportunity.

BUDGETING AND FINANCE

This is a sensitive area for downtown management. Therefore, it is particularly important that it be carried out well. Three factors seem especially important.

1. Establish a well-defined process for striking annual budgets. How budgets are set is probably more important than the absolute budget level. The process should include obtaining input from the membership on past budgets and the value for money spent, a review of the performance of the organization with the past budget to determine effective and ineffective expenditures, and a costing out of various alternatives for review.

It must be clearly established how the budget is set and by whom. Once a draft is prepared a review of the budget should be conducted by the board of directors and the alternatives studied. Once the board has established a recommended budget, proposed budget levels should be approved by a BIA membership meeting. It is particularly important once budgets have been set in this fashion that their approvals flow smoothly through the municipality.

2. Establish a clean financial system which controls and monitors expenditures. An absolutely vital part of a downtown organization's functioning is to make sure that all financial systems are beyond reproach. The organization should search out the best available system and use it, whether it be self-initiated in the municipality or using an outside source. While ideally the downtown organization should control all its own expenditures, if a good financial system is available elsewhere the organization should use it.
3. Tailor the budget to both needs and resources. Almost axiomatic is the need to make sure that the budget does not overload the downtown business community. Budget levels should be consistent with the objectives established for the year. The budget should also ensure that each contributor will be able to identify benefits exceeding his or her specific contribution.

PROPERTY MANAGEMENT AND POLICY DEVELOPMENT

Finally, a professionally managed downtown will seek to keep its house in order and to encourage all businesses to abide by any policies considered important to the downtown marketing effort.

1. Develop an active program to influence maintenance quality. In cooperation with the municipality, the downtown association should pay special attention to the quality of maintenance in the downtown area. A clear delineation of responsibilities should be struck with the municipality and individual businesses. Division of responsibilities should be appropriate for the nature of the task, such as cleaning up, garbage disposal, etc. Because of this multiple responsibility for maintenance, a downtown is at some disadvantage compared to a shopping centre. Therefore, it particularly important that the jobs be well described and performance monitored.
2. Have a program to minimize vacancies and attract new businesses. A particular measure of success in a downtown will be its ability to attract new businesses into the area and thereby minimize vacancies at any one time. Downtown organizations should attempt to influence the retail mix in the downtown area to make up for any weaknesses in comparison with its competition. Special attention should be paid to retaining existing businesses in the downtown area and to facilitating the changeover in ownership when previous owners near retirement age. The organization should also have programs to influence the rehabilitation and upgrading of property in the area and to attract new businesses to fill any deficiencies.
3. Establish formal policies on critical issues. While the essence of a downtown organization is one of collective action and minimal interference in the conduct of individual businesses, nevertheless, certain policies are broadly agreed to be essential to effective marketing. Such policies include decisions on uniform store hours, on merchant parking, parking validation and other procedures, street vendors and signage.

In all these and any other critical issues the association should have formal policies which have been debated and agreed to by its membership.

* * * *

This chapter has completed our diagnosis of the successful management practices of downtowns with professional managers. But what about those communities too small to afford a full time manager? The next chapter deals with this situation.

4. THE VOLUNTEER MANAGED DOWNTOWN: COPING WITH LIMITED RESOURCES

Unlike large municipalities with substantial budgets and extensive resources a smaller community starts out with disadvantages in both these areas. A recognition of these limitations is necessary to design an effective management approach to suit the special conditions in small communities. The BIA in a small community should still be guided by the management principles as set out in Chapters 2 and 3. Only their application will differ to suit the circumstances of the small town. Similarly, there are additional keys to excellence in management of small BIA's as more emphasis must be given to managing with minimal resources.

CONSTRAINING CIRCUMSTANCES

In a small community where the population is low, but more importantly where there are relatively few businesses in the business area, the lack of funds will be the single greatest factor limiting the activities of the BIA. This will force the BIA to rely entirely on volunteers, which in and of itself is also a constraint.

- Professional management beyond means of small BIA. Where a BIA has an annual budget of less than \$10,000 it is unlikely to be able to afford the services of a manager or coordinator on a regular basis. This is significantly different from the ideal discussed earlier and will have a considerable impact on how the BIA manages itself. The lack of funds may also reduce the BIA's ability to undertake appropriate physical improvements which may require considerable up-front expenditures.

- Results in reliance on volunteer workers. The net result of having a small budget is that the BIA will rely entirely on volunteers for management, organization and implementation of BIA initiatives.* Amongst themselves, members of the BIA will have to find the resources necessary to undertake physical improvements and promotion initiatives. As mentioned in Chapter 3, managing volunteers presents particular challenges. Organizations both managed and staffed by volunteers must consider additional keys to success which do not apply to those with professional managers.

GUIDING PRINCIPLES STILL APPROPRIATE

The management principles discussed in Chapters 2 and 3 are as important and applicable to small municipalities as they are to large municipalities. The principles are universal and are fundamental to successful BIA management regardless of the size of the organization or any other factor which differentiates one BIA from another. Just as in a large municipality, the manner in which the BIA conducts every component of its business should be guided by these three basic tenets:

- Image of business area as community resource still competitive edge. The small BIA must expand and exploit its image as a community resource to give it a competitive advantage over other commercial areas, as any other BIA should. The extent to which the BIA can integrate this principle with its approaches and activities will determine the level to which it can differentiate itself from its competitors and offer something they are unable to. In a small town the

* Except where federal and provincial government programs are available for temporary employment.

propensity will be greater for the community to be tightly-knit, which provides greater potential for achievement of this principle.

- Corporate management model applies equally to small town. As in the large BIA, the small BIA's primary function is to improve the financial health of its constituents. The board of management will continue to be the key decision-maker and provide direction on BIA programs and initiatives. However, unlike in the larger centres, the BIA will not have a paid manager to organize and manage the implementation of programs. To adapt the corporate model to this situation, a member of the board should be appointed as manager to carry out duties as a paid manager would. This individual should be willing to put substantial effort into this position and should be duly rewarded for his or her efforts.
- Understanding the competitive situation is the starting point. Every BIA should study its own strengths and weaknesses as well as those of its competitors to develop a clear understanding of the context in which it functions. Although there may be another commercial area in the community or a peripheral mall posing a direct competitive threat, a large portion of retail expenditures in a small centre are still likely to be lost to other towns or cities. The BIA in the small community should address itself to this and work toward capturing additional expenditure potential through a carefully considered strategic plan.
- Setting priorities between physical improvements and marketing efforts. Like larger centres, early emphasis should be devoted to changing the image of downtown through physical improvements clearly visible to community residents. This changed "image" of downtown can then be capitalized on in the subsequent marketing and promotional phase of downtown management.

These four principles should shape the perspective and attitude of the Board members and should be manifested in all activities the BIA undertakes.

UNIQUE
PERSPECTIVE

The keys to success outlined in Chapters 2 and 3 for professionally managed BIA's are equally applicable to the small community situation. However, a BIA in a small town must pay particular attention to four areas if it is to be successful.

1. A number of dedicated volunteers. A principal requirement of a successful BIA is a pool of able volunteers prepared to assume substantial responsibility for the ongoing work of the BIA. These individuals should be willing to invest as much as 20 hours per week in running the BIA. They should also be capable, energetic, bright and optimistic individuals committed to the 'vision' of the future BIA and able to impart this enthusiasm to other potential Board members. A series of individuals with these qualities would be optimal to ensure continuing participation by able people.
2. Tight management of volunteer work assignments. In working with volunteers, activities must be organized and planned carefully with time frames and budget allocations clearly established. This will enable the volunteer to carry out his or her responsibilities as efficiently and effectively as possible with minimum supervision and delay. Volunteers should be made to feel that being given a volunteer position is a privilege that they have earned through their own actions within the community. Volunteers should also be duly rewarded for their achievements to provide encouragement, build their confidence, and give them a sense of value within the organization.

3. Realistic match between programs and resources.
Programs and activities must be limited to those that can realistically be achieved given the limited resources of the small community's BIA. This translates into moderate goals - no grandiose schemes - and reasonable expectations of what can be accomplished. The BIA should confine itself to the basics of physical improvement and promotion. Additional activities, outreach programs for absentee property owners, for example, should be considered only over the long term.
4. Capitalize on resources of other community agencies. The municipality and the local chamber of commerce, where one exists, should be requested to assist the BIA by assuming various staff functions. To the extent that work can be off-loaded to other agencies, the BIA will be able to free the time of its own members. In addition, the BIA should get other community groups to help in BIA activities giving these groups full recognition in BIA communications. By enlisting the assistance of other organizations the BIA can expand its work force and resources substantially.

As can be seen, the approach and objectives of the BIA without paid management are essentially the same as those with it. The important differences are in expectations, dependence on committed volunteers, need for a clear operating framework and dependence on other community agencies and organizations.

APPENDICES

- A. Persons Contacted
- B. Annotated Bibliography

Laurence Alexander	Downtown Research and Development Centre, New York
Bruce Bigelow	Barrie Downtown Board, Barrie
Gordon Brown	Urban Development Branch, Saskatchewan Urban Affairs, Province of Saskatchewan
Brad Brownlee	Executive Director, Sarnia Downtown Improvement Area, Sarnia
Irwin Davis	IDEA and Downtown Development Foundation, Washington, D.C.
John Edwards	Headquarters Main Street staff, Research Architect, Heritage Canada
Gordon Fulton	Main Street Coordinator Moose Jaw, Saskatchewan
Hugh Garber	Secretary, Grimsby Downtown Improvement Area
Jack Garner	Chairman, Barrie Downtown Board, Barrie
Keith Gorrell	Chairman, Forest BIA, Forest
Gordon Gross	Past Chairman, Hanover BIA, Hanover
Louise Heric	Ford MacLeod, Coordinator's Assistant
Deryck Holdsworth	Consultant retained for the editing of the Main Street Book
Hans Honegger	Main Street Coordinator, Nelson, B.C.
Peter Hyndman	Main Street Project Officer, Bridgetown, N.S.

Bob Inwood	Main Street Officer, Nelson, B.C.
Francois Leblanc	Headquarters Main Street staff responsible for Main Street training course development
Jack Lewis	Downtown Alliston Block 'A', Alliston
Bert Lincoln	Chairman, Grimsby Downtown Improvement Area, Grimsby
Maureen Luoma	Executive Director, Sudbury Metro Centre, Sudbury
Don MacIntosh	Main Street Coordinator, Cambridge, Ontario
Bruce McLeod	Executive Director, Kitchener Downtown Improvement Area, Kitchener
Peter Mercer	Manager, Rideau Street BIA, Ottawa
Chris Oaks	Barrie Downtown Board, Barrie
Nancy Paulson	Barrie Downtown Board, Barrie
Chris Pelham	Main Street Coordinator, Windsor, N.S.
Bob Pollock	Business Consultant, Small Business Development, Ontario Ministry of Industry and Trade
Hilary Sadler	Manager, Downtown Oakville BIA
Wendy Shearer	Coordinator's Assistant, Cambridge, Ontario

John Stewart	Director, Main Street Programme, The Heritage Canada Foundation, Ottawa
Martin Thomas	Administrator, Downtown Revitalization Program, Ministry of Municipal Affairs, British Columbia
John Thorpe	Coordinator, Mainstreet Program, Department of Development, Nova Scotia
Jim Turner	Chairman, Orangeville BIA, Orangeville
Charles Whipp	Manager, Petrolia BIA, Petrolia
John Willson	Downtown Perth BIA, Perth

APPENDIX B

ANNOTATED BIBLIOGRAPHY

A review of available literature which explores management, marketing and promotion techniques in Canadian and U.S. downtowns was completed in Phase I. This annotated bibliography highlights the publications we found most useful. The key findings of the review are incorporated into the conclusions of this report.

Alexander, Laurence. ed; "Downtown IDEA Exchange: The Newsletter Dedicated to Downtown Revitalization." New York.

This series of bi-monthly newsletters is devoted to documenting concepts, strategies, plans and projects which address problems and solutions in downtown revitalization. Experiences are drawn from the U.S., Canada and other countries. It provides a handy reference on 'state-of-the-art' improvement techniques, discusses issues of particular concern to CBD's and provides detailed guidelines on specific improvement methods.

Alexander, Laurence. ed; "Downtown: Let's Get Organized." From Downtown Idea Exchange. New York. Special Study issues Vol. 26, No. 12 to Vol. 27 No. 8, June 15, 1979 to April 15, 1980.

This special study series was devoted to an exploration of factors influencing the success of organizing to improve downtowns and provides practical suggestions for overcoming problems which inevitably arise along the way. The challenges presented by shopping malls and by the inherently fragmented nature of downtowns are discussed. Alexander also outlines advantages of

a formal downtown business association with authority to hire staff, seek professional advice and undertake improvements.

Alexander, Laurence A. "How to Achieve Downtown Action in the 80's: Realistic Private and Public Implementation Techniques." Downtown Research and Development Center. New York, 1982.

Alexander explores the U.S. experience in revitalizing downtowns and presents a range of implementation techniques from financing options through development alternatives to planning incentives for both public and private agencies. Achieving political support, remaining flexible, and undertaking careful and realistic comprehensive planning are identified as critical components in the survival and success of improvement initiatives.

Barnard, Peter. "Promoting Downtown: Taking a Broader Aim." From New Directions: Proceedings of a Symposium on Downtown Cores. Ontario Ministry of Housing, November, 1977.

This article underlines the primary importance of obtaining broad support and involvement from the diversity of interests, both public and private, which together form the downtown. Barnard emphasizes the need to develop an understanding of the downtown's resources, as well as the strengths and weaknesses of the competition, in deciding on an appropriate promotional strategy. This theme of breadth of approach is carried over to the selection of promotional techniques, from use of popular media through personal visits to key individuals or agencies.

Bowes et al. "After Downtown and Main Street Revitalization?"; Building Toward 2001: Proceedings. Ontario Ministry of Municipal Affairs and Housing, November 1-4, 1981.

This chapter of the 1981 conference reviews the experience of three municipalities across Canada and one in the U.S. In describing their experiences municipal representatives highlight the key factors contributing to their respective successes. The importance of public/private sector cooperation and the valuable resource provided by City Hall is stressed. The effectiveness of personal selling to prospective association members is also underlined.

Boyd, Hugh. "An Approach to Marketing: St. Catherines" from New Directions: Proceedings of a Symposium on Downtown Cores; Ontario Ministry of Housing, November, 1977.

Boyd submits that the inherent complexity of a downtown, which is made up of a variety of goods, services and people, makes the marketing task extremely difficult. Conducting consumer research to determine shopping habits and perceived strengths and weaknesses is advocated. Boyd also emphasizes the dual purpose of a marketing strategy: to appeal to the association membership as well as to the consumers. The article presents several suggestions for promotions.

Boyd, H. "How to Manage a BIA: Some Organizational Suggestions. From BIA's: Proceedings of a Workshop on Downtown Improvement: Ways and Means. Edited by H. A. Hosse and G. A. Przybylowski. Ontario Ministry of Housing, Toronto, Ontario, June 29, 1976.

This article addresses the fundamental considerations in organizing and establishing a BIA. Mr. Boyd stresses the importance of setting up a representative board, the need to establish attainable goals and to develop BIA policies and outlines the benefits of a committee structure. Factors to consider in the hiring of staff are also outlined. Boyd provides a point form summary of the responsibilities the board, staff and various committees of the BIA should assume.

British Columbia Ministry of Municipal Affairs.
"Downtown Revitalization Program: A Guide." (no date).

The province of British Columbia has instituted a "Downtown Revitalization Program" to assist municipalities in improving their downtowns. This guide deals primarily with financial assistance available to municipalities through the program and also lists other potential sources of funding. The guide briefly describes the basic components of the program, although a more detailed outline is available in a companion document.

Dalibard, Jacques. "Bringing Them Back to Life: Jacques Dalibard on Main Street." From Canadian Heritage: The Heritage Canada Foundation Magazine. Main Street Special Issue, May-June, 1983.

An interview with the executive director of the Canadian Heritage Foundation reveals his thinking on the elements of a successful main street revitalization program. In particular, Dalibard identifies the unique qualities present in the architectural resources of a community and the need for an individual manager, similar to a shopping mall manager, to co-ordinate downtown

improvement initiatives. The value of having a variety of professional resources available to provide input is emphasized by the author.

Environics Research Group Limited. "The Economic Performance of Retail Businesses in Three Business Improvement Areas in Ontario." Prepared for the Community Renewal Branch; Ontario Ministry of Housing, December, 1980.

In this study, the consultant examined the profitability of business in three Business Improvement Areas in Ontario. The major finding was that their profitability was as good as or better than profitability levels in community shopping centres. The major reasons identified for this difference were lower rental rates, the absence of requirements to pay a percentage of sales and the lack of maintenance costs for common areas in BIA's. The consultants note that this is unlikely to be universally true as competitive situations and retail market sizes differ, and the presence of a major department store and the availability of parking affects can affect sales levels.

Harris, J. F. "Underlying Marketing Principles." From BIA's: Proceeding of a Workshop on Downtown Improvements: Ways and Means. Ontario Ministry of Housing, Toronto, June 29, 1976.

Harris discusses the purpose of a BIA in terms of creating a 'shopping habit' which favours the downtown. The author differentiates between 'shopping' which is the responsibility of the BIA to promote and 'buying' which individual businesses must encourage by building on the BIA initiatives. The importance of encouraging competition is underlined as is the hiring of a qualified BIA manager.

Lehmann, Cora & Glenn, Dolores. "The Intriguing World of Modern Management." New York, Vantage Press, 1977.

Lehmann and Glenn devote the final chapters of their study of modern management techniques to the special considerations of managing a volunteer organization. They begin by identifying the critical differences between managing a paid staff and managing volunteers, a discussion which centres around expectations of the organization's performance. The many difficulties associated with running a volunteer organization are listed to reinforce the concern about inflated expectations and to alert organizations to the challenges they are most likely to face. The authors then present a series of recommendations on the effective management of a volunteer group ranging from how to encourage people to volunteer through keeping them involved to motivating them to do a job and do it well.

Mercer, Peter T. "The Employment of Professionals." in Business Improvement Areas: Suggested Guidelines. Ontario Ministry of Housing, June, 1980.

Mercer submits that one of the key components of a properly managed BIA is the personnel selected to manage the organization under the direction of the Board of Management. The author outlines in detail the procedures and considerations that are important in hiring a professional staff person and in monitoring his or her performance. The range of responsibilities a BIA manager should assume in financial management, office management communications, planning and promotion are also itemized.

Ontario Business Improvement Area Association.
"Streetbeat." Vol. 2 No.4, May, 31, 1983.

This issue of "Streetbeat" reviews the proceedings of OBIAA's second annual meeting in London in April of this year. In addition to reporting on OBIAA business, the newsletter also reviews the content of the workshop sessions. Successful promotional activities initiated by member BIA's are described, advice on effective management and organization techniques is presented as well as tips on effective use of the media.

Ontario Ministry of Housing. "Business Improvement Areas: Keys to Profit." Prepared by Community Renewal Branch, November, 1978.

This publication comprises a series of brief pamphlets covering four basic elements of a BIA to be used by established BIA's or associations considering forming one. The papers outline the key organizational considerations necessary and advisable in establishing and operating a BIA; the purpose, options and depth of appropriate marketing and promotion approaches; and lists a variety of landscaping and beautification improvements which have proven effective. The papers emphasize the importance of adopting a long-term perspective and ensuring careful planning of activities to be undertaken.

Ontario Ministry of Municipal Affairs and Housing.
"Friendly Downtown Belleville - Profile."
Prepared by the Community Renewal Branch,
August, 1983.

This recently prepared publication provides an overview of a very successful BIA. It discusses the organization of the Belleville BIA as well as its beautification, parking and promotion

programs. The Belleville experience has demonstrated the value of a downtown plan which establishes long-term goals and strategies and guides revitalization activities. The Belleville BIA also has representatives on a number of special interest agencies, such as the LACAC and Parking Authority, to improve cooperation and ensure the BIA's interest are protected. Other factors which have contributed to the BIA's success to date include strong Council support for BIA initiatives, a committee structure to assume responsibility for program implementation, and the hiring of two staff, one a coordinator and one an advertising consultant.

Ontario Ministry of Municipal Affairs and Housing.
"Preston Town Centre Business Improvement Area:
Profile." Prepared by the Community Renewal
Branch, August, 1983.

Preston, a commercial area within the City of Cambridge, has experienced considerable success through its BIA since its inception in 1976. Involvement of the municipality in the BIA's activities has been strong and funds have been earmarked for support to the BIA. The BIA has adopted an organizational by-law and a committee structure which makes the BIA more efficient. A BIA coordinator and the City's Business Development Officer provide staff assistance and advice to the BIA. One of the key factors influencing its success has been the "ability of the BIA to evolve and take on new roles," specifically to become an effective lobby group in the political process. The BIA has also developed an awareness of its competitive position within Cambridge.

Saskatchewan Ministries of Industry and Commerce and Municipal Affairs. "Guide to the Saskatchewan Main Street Development Program," 1978.

This guide was produced on the heels of the Saskatchewan Mainstreet Development Program initiated in 1978 by the provincial government. It contains an overview of the program and a step-by-step guide to establishing a Business Improvement District (BID). Included is advice on defining the BID, deciding on and undertaking improvements, and ensuring continued activity. The guide also devotes considerable space to design ideas (many of which are illustrated) and to marketing techniques.

Silberberg, Ted et al. "A Guide for the Revitalization of Retail Districts." Ontario Ministry of Industry and Tourism, 1976.

This guide was produced as part of a project undertaken by an independent federally funded group to assist small business in remaining viable in the face of stiff competition. It recommends associations as the most appropriate vehicle for achieving downtown revitalization and identifies their strengths and inherent problems. The guide presents a selection of revitalization techniques and examples of successful implementation. Practical advice on establishing and operating an association, including how to run successful meetings, is also provided.

Stewart, John J. "A Strategy for Main Street."
From Canadian Heritage: The Heritage Canada
Foundation Magazine; Main Street Special Issue.
No. 40, May-June, 1983.

This article explores the origins of the downtown movement, the problems plaguing downtown commercial areas, and what this has meant to small independent business. Stewart points out that cosmetic changes and imitating shopping malls alone cannot save Main Street. The author sees economic initiatives as key in restoring vitality in the downtown. The article focuses on the successes of Heritage Canada's Main Street Programme which encourages municipalities to take advantage of their history and character through preservation.

